

Message Text

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15

ACTION EA-10

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USDOC FOR OIM/FE--SONNE

E.O. 1YTWC N/A
TAGS: BEXP, TW
SUBJECT: PROPOSED CHANGE IN FY 76 TAIPEI TRADE CENTER
SCHEDULE OF EVENTS

REF : A) TAIPEI A-215, 12/9/74; B) STATE 025029, 4/2/75
C) TAIPEI A-145, 7/29/74

SUMMARY: "MOTOR VEHICLE MAINTENANCE AND SERVICING EQUIPMENT"
MARKET RESEARCH STUDY, COMPLETED BY PEAT, MARWICK, MITCHELL
AND CO. (PMM&CO.), CONCLUDES THAT SALES POTENTIAL OF SUBJECT
EQUIPMENT IN ROC MARKET IS NOT SUFFICIENT TO JUSTIFY TC
EXHIBITPCN AT THIS TIME. TC CONCURS WITH THIS VIEW AND
PROPOSES THAT AN EXHIBITION OF "ELECTRONIC COMPONENTS AND
ELECTRONIC COMPONENT PRODUCTION AND TEST EQUIPMENT" REPLACE
"AUTOMOTIVE SERVICES EQUIPMENT" EXHIBITION NOW SCHEDULED
FOR DENBMBER 8-12, 1975. TC FURTHER PROPOSES THAT
EXHIBITION OF "INDUSTRIAL AND SCIENTIFIC AMMLYTICAL AND
TESTING INSTRUMENTATION" REPLACE "ELECTRONIC COMPONENTS
PRODUCTION AND TEST EQUIPMENT" EXHIBITION CURRENTLY, SCHEDULED
FOR JUNE 21-25, 1976. TC REQUESTS COMMERCE'S CONCURRENCE WITH
ABOVE PROPOSALS.

1. PMM&CO.'S "A SURVEY OF THE MARKETS FOR MOTOR VEHICLE MAINTENANCE
AND SERVICING EQUIPMENT IN TAIWAN" ESTIMATES THAT ROC IMPORT OOF
U.S. MANUFACTURED MOTOR VEHICLE MAINTENANCE AND SERVICING
EQUIPMENT TOTALLED US\$8.9 MILLION IN 1974 AND WILL REACH US\$12.7
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MILLION BY 1977. IN 1974 U.S. SHARE OF MARKET FOR IMPORTS OF
THIS EQUIPMENT WAS 21 PERCENT; ITS SHARE OF TOTAL CONSUMPTION,
8.1 PERCENT. THE RESPECTIVE 1977 FIGURES ARE EXPECTED TO BE
23 PERCENT AND 8.3 PERCENT. THE RESPECTIVE 1977 FIGURES ARE

EXPECTED TO
BE 23 PERCENT AND 8.3 PERCENT. JAPAN HOLDS A
50 PERCENT SHARE OF 1974 MARKET FOR IMPORTS AND U.S.,
GERMANY, UNITED KINGDOM AND MEXICO HOLD REMAINING SHARES.
TO A LARGE EXTENT COUNTRY OF ORIGIN OF IMPORTS OF THIS
EQUIPMENT CORRELATES HIGHLY WITH COUNTRY OF ORIGIN OF VEHICLES
USED IN ROC. LARGEST PROPORTION OF IMPORTED VEHICLES IS
PURCHASED FROM JAPAN AND LARGEST DOMESTIC AUTO MANUFACTURER BUILDS
A JAPANESE DESIGNED AUTO UNDER LICENSE FROM NISSAN MOTORS.
SECOND LARGEST MANUFACTURER BUILDS ENGLISH DESIGNED FORD
AUTOMOBILES ROC IMPORTS OF U.S. MANUFACTURED MAINTENANCE AND
SERVICING EQUIPMENT ARE THEREFORE LIMITED TO ITEMS WHICH
ARE COMPATIBLE WITH JAPANESE AND ENGLISH AUTOMOTIVE
STANDARDS, SUCH AS SPARK PLUGS, FILTERS, TIRES, OIL PRODUCTS
AND HAND TOOLS. THESE CONSIDERATIONS ASIDE, LOCAL
MAINTENANCE AND SERVICING FACILITIES NOW UTILIZE LOW
COST, UNSKILLED LABOR AND OPERATE WITH LITTLE CAPITAL
INVESTMENT IN SMALL STORE FRONT OR BAMBOO-WALLED, TIN-ROOFED
GARAGES. MAINTENANCE FACILITIES OF COMMERCIAL FLEETS, WHILE
BETTER EQUIPPED, OPERATE WITH MINIMUM OF INVESTMENT. ROC
MARKET IS THEREFORE NOT YET READY FOR SOPHISTICATED
DIAGNOSTIC EQUIPMENT, LABOR-SAVING DEVICES AND RELATED PARTS
AND ACCESSORIES PRESENTLY USED IN THE U.S. PERHAPS BY 1980-1
WHEN HIGHWAYS WILL HAVE BEEN IMPROVED, COMPUTERIZED CAR
INSPECTION SYSTEMS SET INTO OPERATION, AND BODY SHOPS
LICENSED TO OPERATE, ROC MARKET FOR SUCH EQUIPMENT WILL
HAVE GROWN. IN THIS CASE AN FY-77 OR FY-78 EXHIBITION OF
THIS EQUIPMENT WOULD MERIT CONSIDERATION.

2. TC PROPOSES THAT EXHIBITION OKO"ELECTRONIC COMPONENTS
AND ELECTRONIC COMPONENT PRODUCTION AND TEST EQUIPMENT"
REPLACE SCHEDULED DECEMBER 8-12, 1975 "AUTOMOTIVE SERVICES
EQUIPMENT" EXHIBITION FOR FOLLOWING REASONS:

A) IN TAIPEI A-215 OF 12/9/74, ENCLOSURE NO.3, ROC
IMPORTS OF U.S. MANUFACTURED TARGET INDUSTRY PRODUCTS ARE
RANKED BY VOLUME FROM 1969 TO 1973. OVER THAT PERIOD
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ELECTRONIC PRODUCTION EQUIPMENT CONSISTENTLY RANKED
NO.1; ELECTRONIC COMPONENTS RANKED 2,3,4,4, AND 3.

B) THE ELECTRONICS INDUSTRY IS THE ROC'S FASTEST GROWING
INDUSTRY AND ITS SECOND LARGEST FOREIGN EXCHANGE EARNER.
IF ROC EXPORTS OF ELECTRONIC EQUIPMENT ARE TO REMAIN
COMPETITIVE WITH THOSE OF KOREA, SINGAPORE AND HONG KONG,
LOCAL FIRMS MUST IMPROVE THEIR MANUFACTURING TECHNOLOGIES,
MODERNIZE THEIR PRODUCTION EQUIPMENT, MAINTAIN AN INFLOW OF
TECHNICAL KNOW-HOW, PLACE GREATER EMPHASIS UPON QUALITY CONTROL
IN PRODUCTION, AND INCREASE THEIR INVESTMENT IN R&D ACTIVITIES.

C) WITH GROC SPONSORED ASSISTANCE AND PRIVATE EFFORTS,

SEVERAL FIRMS HAVE BEGUN TO MAKE IMPROVEMENTS CITED ABOVE.

D) ROC ELECTRONIC PRODUCTS MANUFACTURERS, FORMERLY DEPENDENT UPON FOREIGN SOURCES FOR COMPONENTS USED IN ASSEMBLY PROCESS, WILL IN THE FUTURE SEEK TO PRODUCE AN INCREASINGLY GREATER PROPORTION OF THEIR COMPONENT REQUIREMENTS.

E) (SOME) ROC ELECTRONICS FIRMS WELCOME BUSINESS RELATIONSHIPS WITH U.S. FIRMS. THEY ARE PREPARED TO EXCHANGE THEIR ACCESS TO INEXPENSIVE AND ABUNDANT LOCAL SKILLED LABOR AND AN ASSORTMENT OF MODERN COMPONENT PRODUCTION AND TESTING EQUIPMENT FOR THE BENEFITS OF U.S. TECHNICAL KNOW-HOW, CAPITAL, MARKETING CHANNELS AND MANAGEMENT AND MARKETING TECHNIQUES.

F) THROUGH COMBINING THE TWO THEMES "ELECTRONIC COMPONENTS" AND "ELECTRONIC COMPONENTS PRODUCTION AND TEST EQUIPMENT" FOR AN EXHIBITION, COMMERCE COULD ASSIST U.S. MANUFACTURERS IN GAINING SALES ADVANTAGES IN A GRADUALLY SHRINKING MARKET FOR IMPORTS OF COMPONENTS AND IN SECURING EARLY SALES ADVANTAGES IN A GROWING MARKET FOR COMPONENT PRODUCTION AND TEST EQUIPMENT.

3. TO SUPPORT THIS PROPOSAL AND TO ASSIST COMMERCE'S PROCUREMENT EFFORT, TC IS PRESENTLY UPDATING MOBIUS' "ELECTRONIC COMPONENTS MARKET SURVEY IN TAIWAN" OF 11/73 AND KLEMTINE'S "ELECTRONICS INDUSTRY PRODUCTION AND TEST EQUIPMENT" DESK STUDY OF 3/14/73. THIS UPDATE WILL UNCLASSIFIED

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CONTAIN THE FOLLOWING SECTIONS:

1. MARKET DEVELOPMENT
2. GOVERNMENT ATTITUDE
3. MARKET DATA
 - A) PRODUCT CATEGORY
 - B) DOMESTIC PRODUCTION
 - C) IMPORTS
 - D) EXPORTS
 - E) SIZE OF MARKET
 - F) COMPETITION
 - G) FORECAST
4. STATISTICAL ANALYSES
5. OUTLOOK FOR U.S. SALES
6. MARKET TRENDS
7. RECOMMENDED MIX OF PRODUCTS TO BE EXHIBITED

8. SALES TECHNIQUES

9. MAJOR POTENTIAL BUYERS

10. IMPORT DUTIES

11. RELATED ASSOCIATIONS AND GOVERNMENT AGENCIES

12. SOURCES AND CONTACTS INTERVIEWED

THIS INFORMATION WILL BE MAILED TO COMMERCE ON JUNE 13, 1975.

4. TC FURTHER PROPOSES THAT EXHIBITION OF "INDUSTRIAL AND SCIENTIFIC ANALYTICAL AND TESTING INSTRUMENTATION" REPLACE "ELECTRONIC COMPONENTS PRODUCTION AND TEST EQUIPMENT" EXHIBITION SCHEDULED FOR JUNE 21-25, 1976. TO SUPPORT COMMERCE'S PROCUREMENT OF THIS EVENT, TC WILL UPDATE SEGMENTS OF MOBIUS' "MARKET RESEARCH ON LABORATORY INSTRUMENTS IN UNCLASSIFIED

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TAIWAN" OF FEBRUARY, 1975. THE UPDATE WILL FOLLOW FORMAT OUTLINED PARA 3 ABOVE WITH EMPHASIS UPON ITEM NO.7 THEREIN. THIS INFORMATION WILL BE FORWARDED TO COMMERCE AUGUST 29, 1975.

CONCLUSIONS: IN VIEW OF CONSIDERATIONS DISCUSSED PARAS 1 AND 2 ABOVE, TC REQUESTS COMMERCE'S CONCURRENCE WITH CHANGES IN TAIPEI TRADE CENTER'S FY-76 SCHEDULE OF EVENTS AS PROPOSED IN PARAS 3 AND 4 ABOVE.
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